

JEFFERSON COUNTY, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2009

---

JEFFERSON COUNTY, IOWA

TABLE OF CONTENTS  
JUNE 30, 2009

Officials		<u>Page</u> 1
Independent Auditor's Report		2
Management's Discussion and Analysis		3-8
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	9
Statement of Activities	B	10
Governmental Fund Financial Statements:		
Balance Sheet	C	11
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	12
Statement of Revenues, Expenditures and Changes in Fund Balances	E	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	14
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	G	15
Notes to Financial Statements		16-26
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) – All Governmental Funds		27
Budget to GAAP Reconciliation		28
Notes to Required Supplementary Information – Budgetary Reporting		29
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	30
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	31
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	3	32-33
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	34-35
Nonmajor Capital Projects Funds:		
Combining Balance Sheet	5	36
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	6	37
Nonmajor Debt Service Fund:		
Balance Sheet	7	38
Schedule of Revenues, Expenditures and Changes in Fund Balances	8	39
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	9	40-43
Combining Schedule of Changes in Fiduciary Assets and Liabilities	10	44-47
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	11	48-49
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		50-51
Schedule of Findings		52-54

JEFFERSON COUNTY, IOWA

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Richard C. Reed	Board of Supervisors	January, 2011
Lee Dimmitt	Board of Supervisors	January, 2013
Stephen Burgmeier	Board of Supervisors	January, 2013
Scott Reneker	County Auditor	January, 2013
Connie Hedger	County Treasurer	January, 2011
Charlotte Fleig	County Recorder	January, 2011
Jerry R. Droz	County Sheriff	January, 2013
Timothy W. Dille	County Attorney	January, 2011
Sheri Neff	County Assessor	January, 2010

## INDEPENDENT AUDITOR'S REPORT

To the Officials of Jefferson County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jefferson County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Jefferson County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jefferson County, Iowa at June 30, 2009, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 11, 2010 on our consideration of Jefferson County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

---

Management's Discussion and Analysis and Budgetary Comparison Information on pages 3 through 8 and 27 through 29 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the three years ended June 30, 2004 (which are not presented herein) were audited by other auditors, who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
January 11, 2010

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

Jefferson County, Iowa, provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2009 FINANCIAL HIGHLIGHTS

- The County's Governmental funds' revenues decreased \$2,785,360 from fiscal 2008 to fiscal 2009. Capital grants, contributions and restricted interest decreased \$3,184,337.
- The County's Governmental funds' expenses increased \$410,667 in fiscal 2009 compared to fiscal 2008. Roads and transportation expenses increased by \$381,541.
- The County's governmental fund balances decreased 5%, or \$815,523, from June 30, 2008 to June 30, 2009.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Jefferson County, Iowa as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Jefferson County, Iowa's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Jefferson County, Iowa acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental Funds and the individual Agency Funds.

## REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has two kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include:
  1. The General Fund,
  2. The Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads,
  3. Capital Projects Funds, such as the GIS Project,
  4. Debt Service Funds, such as the Courthouse Roof.

These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for schools, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Jefferson County, Iowa's combined net assets decreased from \$17,320,592 to \$16,505,069. The analysis that follows focuses on the changes in the net assets for governmental activities.

### Net Assets of Governmental Activities

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Current and other assets	\$ 9,342,839	\$ 8,893,795
Capital assets	<u>13,393,808</u>	<u>13,751,284</u>
Total assets	<u>22,736,647</u>	<u>22,645,079</u>
Long-term liabilities	414,831	570,301
Other liabilities	<u>5,816,747</u>	<u>4,754,186</u>
Total liabilities	<u>6,231,578</u>	<u>5,324,487</u>
Net assets:		
Invested in capital assets, net of related debt	13,197,155	13,381,851
Restricted	2,364,921	2,990,091
Unrestricted	<u>942,993</u>	<u>948,650</u>
Total net assets	\$ <u>16,505,069</u>	\$ <u>17,320,592</u>

Net assets of Jefferson County, Iowa's governmental activities decreased by \$815,523 (\$16,505,069 compared to \$17,320,592). The largest portion of the County's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—are reported at \$942,993 at June 30, 2009.

### Changes in Net Assets of Governmental Activities

	<u>Year ended June 30, 2009</u>	<u>Year ended June 30, 2008</u>
Revenues:		
Program revenues:		
Charges for service	\$ 2,157,705	\$ 1,979,832
Operating grants, contributions and restricted interest	2,804,836	2,865,538
Capital grants, contributions and restricted interest	-	3,184,337
General revenues:		
Property tax	3,077,370	2,828,490
Penalty and interest on property tax	65,526	58,912
State tax credits	126,381	136,139
Unrestricted investment earnings	128,978	183,106
Other general revenues	<u>814,177</u>	<u>723,979</u>
Total revenues	<u>9,174,973</u>	<u>11,960,333</u>

Program expenses:		
Public safety and legal services	2,720,805	2,690,097
Physical health and social services	560,115	556,246
Mental health	1,208,107	1,201,879
County environment and education	472,406	555,129
Roads and transportation	3,660,522	3,278,981
Governmental services to residents	462,255	377,402
Administration	809,003	867,951
Interest on long-term debt	11,014	12,763
Capital projects	<u>86,269</u>	<u>39,381</u>
Total expenses	<u>9,990,496</u>	<u>9,579,829</u>
Change in net assets	(815,523)	2,380,504
Net assets beginning of year	<u>17,320,592</u>	<u>14,940,088</u>
Net assets end of year	\$ <u>16,505,069</u>	\$ <u>17,320,592</u>

### INDIVIDUAL MAJOR FUND ANALYSIS

As Jefferson County, Iowa completed the year, its governmental funds reported a combined fund balance of \$3,505,319, a decrease of \$589,013 compared to last year's total of \$4,094,332. The decrease in fund balance is primarily attributable to the MH-DD Services and Secondary Roads funds. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures were \$4,469,950 and \$4,421,756, respectively. The ending fund balance showed an increase of \$48,194 from the prior year to \$1,572,919.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$1,201,765, a decrease of 1% from the prior year. The Mental Health Fund balance at year end decreased by \$60,469 from the prior year.
- Rural services revenues decreased \$195,767 from the prior year. The ending fund balance decreased \$22,060 from the prior year.
- Secondary Roads Fund expenditures increased by \$361,902 from the prior year. This increase in expenditures resulted in a decrease in the Secondary Roads Fund ending balance of \$509,223, or 42%. The previous year's decrease in the fund balance was \$281,219.

### BUDGETARY HIGHLIGHTS

Over the course of the year, Jefferson County, Iowa amended its budget once. The amendment was made on May 26, 2009 and resulted in an increase in budgeted disbursements mainly in the roads and transportation function of \$349,473.

Even with this amendment, the County underspent original budgeted expenditures of \$9,497,038 by \$138,432 for the year ended June 30, 2009.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2009, Jefferson County, Iowa had \$13,393,808 invested in a broad range of capital assets (net of depreciation), including land, public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of \$357,476, or 2.6% less than last year.

#### Capital Assets of Governmental Activities at Year End

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Land	\$ 659,358	\$ 659,358
Buildings	4,714,064	4,819,332
Improvements other than buildings	78,732	81,117
Equipment and vehicles	1,501,761	1,508,816
Infrastructure	6,110,660	6,362,194
Construction in progress	<u>329,233</u>	<u>320,467</u>
Total	\$ <u>13,393,808</u>	\$ <u>13,751,284</u>
This year's major additions included:		
Construction in progress	\$ 8,766	
Machinery and vehicles	294,472	
Buildings	106,146	
Infrastructure	<u>101,858</u>	
Total	\$ <u>511,242</u>	

The County had depreciation expense of \$868,718 in fiscal year 2009 and total accumulated depreciation of \$5,444,289 at June 30, 2009.

More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

At June 30, 2009 and 2008, Jefferson County, Iowa's long-term debt consisted of the following:

#### Outstanding Debt of Governmental Activities at Year-End

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Compensated absences	\$ 218,178	\$ 200,868
Capital loan notes	155,000	305,000
Capital leases	<u>41,653</u>	<u>64,433</u>
Total	\$ <u>414,831</u>	\$ <u>570,301</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Jefferson County, Iowa's constitutional debt limit for the 2009 fiscal year is \$27,399,779. Other obligations include compensated absences and capital leases. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Jefferson County, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 7.8% versus 4.6% a year ago. This compares with the State's unemployment rate of 6.2% and the national rate of 9.5%.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was (3.618)% for fiscal year 2009 compared with the national rate of (3.122)%.

These indicators were taken into account when adopting the budget for 2010 fiscal year. Amounts available for appropriation in the operating budget are \$10,963,783, an increase of 11% from the final 2009 fiscal year budget. The amount of revenue to support the above expenditures is projected to increase 12% from the final 2009 fiscal year budget to \$9,931,767 with the shortfall budgeted from existing reserve funds. Property and other County taxes supporting the 2010 fiscal year budget increased \$574,006 from the 2009 fiscal year budget and makes up 48% of the revenue for the 2010 fiscal year budgeted expenditures.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of the 2010 fiscal year by \$332,016, leaving an overall reserve of approximately 26% of budgeted 2010 fiscal year expenditures.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Jefferson County, Iowa's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Jefferson County Auditor's Office, 51 East Briggs Avenue, Fairfield, Iowa.

JEFFERSON COUNTY, IOWASTATEMENT OF NET ASSETSJUNE 30, 2009

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and pooled investments	\$ 3,494,092
Receivables:	
Property tax:	
Delinquent	21,238
Succeeding year	5,059,985
Accounts	38,673
Accrued interest	1,999
Due from other governments	358,318
Inventories	281,461
Prepaid expenses	87,073
Capital assets (net of accumulated depreciation)	<u>13,393,808</u>
TOTAL ASSETS	<u>22,736,647</u>
<u>LIABILITIES:</u>	
Accounts payable	611,275
Due to other governments	145,022
Accrued interest payable	465
Deferred revenue:	
Succeeding year property tax	5,059,985
Long-term liabilities:	
Portion due and payable within one year:	
Capital lease payable	24,313
Capital loan notes	155,000
Compensated absences	218,178
Portion due and payable after one year:	
Capital lease payable	<u>17,340</u>
TOTAL LIABILITIES	<u>6,231,578</u>
<u>NET ASSETS:</u>	
Invested in capital assets, net of related debt	13,197,155
Restricted for:	
Supplemental levy	432,521
Mental health	230,220
Rural services	407,817
Secondary roads	712,646
Debt service	2,666
Capital projects	12,657
Other purposes	566,394
Unrestricted	<u>942,993</u>
TOTAL NET ASSETS	\$ <u>16,505,069</u>

## JEFFERSON COUNTY, IOWA

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	
Governmental activities:				
Public safety and legal services	\$ 2,720,805	\$ 488,444	\$ 11,139	\$ (2,221,222)
Physical health and social services	560,115	250,561	45,864	(263,690)
Mental health	1,208,107	473,261	658,726	(76,120)
County environment and education	472,406	512,207	21,525	61,326
Roads and transportation	3,660,522	153,849	1,882,908	(1,623,765)
Governmental services to residents	462,255	272,926	-	(189,329)
Administration	809,003	6,457	-	(802,546)
Interest on long-term debt	11,014	-	161,554	150,540
Capital projects	86,269	-	23,120	(63,149)
Total	\$ 9,990,496	\$ 2,157,705	\$ 2,804,836	(5,027,955)
General revenues:				
Property and other County tax levied for:				
General purposes				2,922,185
Debt service				155,185
Penalty and interest on property tax				65,526
State tax credits				126,381
Local option sales and services tax				667,684
Unrestricted investment earnings				128,978
Miscellaneous				146,493
Total general revenues				4,212,432
Change in net assets				(815,523)
Net assets - Beginning of year				17,320,592
Net assets - End of year				\$ 16,505,069

## JEFFERSON COUNTY, IOWA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

ASSETS	General	Special Revenue			Nonmajor Governmental Funds	Total
		MH-DD Services	Rural Services	Secondary Roads		
Cash and pooled Investments	\$ 1,514,532	\$ 396,592	\$ 286,760	\$ 698,662	\$ 597,546	\$ 3,494,092
Receivables:						
Property tax:						
Delinquent	14,981	2,143	3,325	-	789	21,238
Succeeding year	3,569,401	510,622	792,110	-	187,852	5,059,985
Accounts	30,797	-	5,587	-	4,288	40,672
Due from other governments	11,993	-	118,237	228,088	-	358,318
Inventories	-	-	-	281,461	-	281,461
Prepaid expenses	68,819	171	-	18,083	-	87,073
<b>TOTAL ASSETS</b>	<b>\$ 5,210,523</b>	<b>\$ 909,528</b>	<b>\$ 1,206,019</b>	<b>\$ 1,226,294</b>	<b>\$ 790,475</b>	<b>\$ 9,342,839</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 50,048	\$ 24,695	\$ 2,767	\$ 513,648	\$ 20,117	\$ 611,275
Due to other governments	3,174	141,848	-	-	-	145,022
Deferred revenue:						
Succeeding year property tax	3,569,401	510,622	792,110	-	187,852	5,059,985
Other	14,981	2,143	3,325	-	789	21,238
<b>TOTAL LIABILITIES</b>	<b>3,637,604</b>	<b>679,308</b>	<b>798,202</b>	<b>513,648</b>	<b>208,758</b>	<b>5,837,520</b>
<b>FUND BALANCES:</b>						
Reserved for:						
Inventories	-	-	-	281,461	-	281,461
Prepaid expenses	68,819	171	-	18,083	-	87,073
Supplemental levy	432,521	-	-	-	-	432,521
Local option sales and services tax bonds	-	-	-	-	385,939	385,939
Unreserved, reported in:						
General fund	1,071,579	-	-	-	-	1,071,579
Special revenue/capital projects/debt service funds	-	230,049	407,817	413,102	195,778	1,246,746
Total fund balances	1,572,919	230,220	407,817	712,646	581,717	3,505,319
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,210,523</b>	<b>\$ 909,528</b>	<b>\$ 1,206,019</b>	<b>\$ 1,226,294</b>	<b>\$ 790,475</b>	<b>\$ 9,342,839</b>

JEFFERSON COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

Total governmental fund balances	\$ 3,505,319
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$18,838,097 and the accumulated depreciation is \$5,444,289.	13,393,808
Because some revenues will not be collected for several months after year end they are deferred in the governmental funds.	21,238
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(465)
Long-term liabilities, including capital loan notes payable, leases payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(414,831)</u>
Net assets of governmental activities	\$ <u>16,505,069</u>

## JEFFERSON COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

		Special Revenue			Nonmajor Governmental Funds	Total
	General	MH-DD Services	Rural Services	Secondary Roads		
REVENUES:						
Property and other County tax	\$ 3,077,059	\$ 457,729	\$ 1,110,464	\$ -	\$ 155,185	\$ 4,800,437
Interest and penalty on property tax	65,526	-	-	-	-	65,526
Intergovernmental	492,107	677,526	174,561	1,885,710	23,646	3,253,550
Licenses and permits	3,338	-	9,947	1,135	-	14,420
Charges for service	502,927	-	-	105,518	48,876	657,321
Use of money and property	208,829	-	-	-	26,479	235,308
Miscellaneous	120,164	6,041	-	44,394	2,760	173,359
Total revenues	4,469,950	1,141,296	1,294,972	2,036,757	256,946	9,199,921
EXPENDITURES:						
Current:						
Public safety and legal services	2,333,684	-	154,166	-	-	2,487,850
Physical health and social services	505,286	-	70,449	-	-	575,735
Mental health	2,509	1,201,765	-	-	-	1,204,274
County environment and education	331,858	-	208,622	-	45,908	586,388
Roads and transportation	-	-	-	3,323,315	-	3,323,315
Governmental services to residents	453,598	-	2,534	-	-	456,132
Administration	794,821	-	2,068	-	-	796,889
Debt service	-	-	-	-	161,458	161,458
Capital projects	-	-	-	101,858	95,035	196,893
Total expenditures	4,421,756	1,201,765	437,839	3,425,173	302,401	9,788,934
Excess (deficiency) of revenues over (under) expenditures	48,194	(60,469)	857,133	(1,388,416)	(45,455)	(589,013)
Other financial sources (uses):						
Transfers in	-	-	-	879,193	-	879,193
Transfers out	-	-	(879,193)	-	-	(879,193)
Total other financing sources (uses)	-	-	(879,193)	879,193	-	-
Net change in fund balances	48,194	(60,469)	(22,060)	(509,223)	(45,455)	(589,013)
Fund balances - Beginning of year	1,524,725	290,689	429,877	1,221,869	627,172	4,094,332
Fund balances - End of year	\$ 1,572,919	\$ 230,220	\$ 407,817	\$ 712,646	\$ 581,717	\$ 3,505,319

JEFFERSON COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009

Net change in fund balances - Total governmental funds \$ (589,013)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year as follows:

Expenditures for capital assets/construction in progress	\$ 443,242	
Depreciation expense	<u>(868,718)</u>	(425,476)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred or not recorded in the governmental funds.

Property tax		(7,753)
Accrued interest		<u>(17,195)</u>

Capital assts contributed by the City of Fairfield.		68,000
---	--	--------

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repayments		172,780
------------	--	---------

---

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	\$ (17,310)	
Interest on long-term debt	<u>444</u>	<u>(16,866)</u>

Change in net assets of governmental activities		\$ <u>(815,523)</u>
---	--	---------------------



JEFFERSON COUNTY, IOWASTATEMENT OF FIDUCIARY ASSETS AND LIABILITIESAGENCY FUNDSJUNE 30, 2009ASSETS

Cash and pooled investments:		
County Treasurer	\$	843,219
Other County officials		31,329
Accounts receivable		894
Property tax receivable:		
Delinquent		67,997
Succeeding year		16,190,900
Prepaid expenses		305
TOTAL ASSETS	\$	<u>17,134,644</u>

LIABILITIES

Due to other governments	\$	17,084,593
Accounts payable		16,844
Trusts payable		33,207
TOTAL LIABILITIES		<u>17,134,644</u>
NET ASSETS	\$	<u>-</u>

## JEFFERSON COUNTY, IOWA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jefferson County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Jefferson County, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Jefferson County, Iowa (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

One drainage district has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Jefferson County Board of Supervisors. The drainage district is reported as a Special Revenue Fund. Financial information of the drainage district can be obtained from the Jefferson County Auditor's office.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Jefferson County Assessor's Conference Board, Jefferson County Emergency Management Commission and Jefferson County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported as Agency Funds of the County.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

JEFFERSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

---

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The MH-DD Services Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads fund is used to account for secondary road construction and maintenance.

JEFFERSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Additionally, the County reports the following funds:

Fiduciary Funds:

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

JEFFERSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

JEFFERSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	25-50
Improvements other than buildings	20-50
Infrastructure	10-65
Equipment	3-20
Vehicles	5-15

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable and other receivables not collected within 60 days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Secondary Roads Funds.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond issuance costs, if any, are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

JEFFERSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

NOTE 2: CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County's funds are all deposited in financial institution depository accounts.

Interest rate risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the County.

NOTE 3: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Secondary Roads	Rural Services	\$ <u>879,193</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

JEFFERSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of <u>Year</u>	Increases/ <u>Transfers</u>	Decreases/ <u>Transfers</u>	Balance End of <u>Year</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 659,358	\$ -	\$ -	\$ 659,358
Construction in progress	<u>320,467</u>	<u>8,766</u>	<u>-</u>	<u>329,233</u>
Total capital assets not being depreciated	<u>979,825</u>	<u>8,766</u>	<u>-</u>	<u>988,591</u>
Capital assets being depreciated:				
Buildings	6,334,321	106,146	-	6,440,467
Improvements other than buildings	100,381	-	-	100,381
Equipment and vehicles	3,843,817	294,472	-	4,138,289
Infrastructure	<u>7,068,511</u>	<u>101,858</u>	<u>-</u>	<u>7,170,369</u>
Total capital assets being depreciated	<u>17,347,030</u>	<u>502,476</u>	<u>-</u>	<u>17,849,506</u>
Less accumulated depreciation for:				
Buildings	1,514,989	211,414	-	1,726,403
Improvements other than buildings	19,264	2,385	-	21,649
Equipment and vehicles	2,335,001	301,527	-	2,636,528
Infrastructure	<u>706,317</u>	<u>353,392</u>	<u>-</u>	<u>1,059,709</u>
Total accumulated depreciation	<u>4,575,571</u>	<u>868,718</u>	<u>-</u>	<u>5,444,289</u>
Total capital assets being depreciated, net	<u>12,771,459</u>	<u>(366,242)</u>	<u>-</u>	<u>12,405,217</u>
Governmental activities capital assets, net	\$ <u>13,751,284</u>	\$ <u>(357,476)</u>	\$ <u>-</u>	\$ <u>13,393,808</u>

Depreciation expense was charged to the following functions:

Governmental Activities:	
Public safety and legal services	\$ 221,213
Physical health and social services	866
Mental health	2,426
County environment and education	29,173
Roads and transportation	598,920
Governmental services to residents	3,795
Administration	<u>12,325</u>
Total depreciation expense - Governmental activities	\$ <u>868,718</u>



JEFFERSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 5: DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund

Governmental Funds:

General	\$ 3,174
---------	----------

Special Revenue:

MH-DD Services	<u>141,848</u>
----------------	----------------

Total Governmental Funds	<u>145,022</u>
--------------------------	----------------

Trust and Agency:

County Recorder	12,957
-----------------	--------

County Assessor	475,941
-----------------	---------

Schools	9,041,109
---------	-----------

Area schools	560,812
--------------	---------

Corporations	4,964,827
--------------	-----------

Townships	212,861
-----------	---------

Agriculture Extension Education	185,218
---------------------------------	---------

County Hospital	1,231,275
-----------------	-----------

E-911	90,682
-------	--------

Auto License and Use Tax	263,803
--------------------------	---------

All other	<u>45,108</u>
-----------	---------------

Total Trust and Agency Funds	<u>17,084,593</u>
------------------------------	-------------------

\$ 17,229,615

NOTE 6: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	<u>Capital Loan Notes</u>	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance – Beginning of year	\$ 305,000	\$ 64,433	\$ 200,868	\$ 570,301
Increases	-	-	218,178	218,178
Decreases	<u>150,000</u>	<u>22,780</u>	<u>200,868</u>	<u>373,648</u>
Balance - End of year	<u>\$155,000</u>	<u>\$ 41,653</u>	<u>\$ 218,178</u>	<u>\$ 414,831</u>
Due within one year	<u>\$ 155,000</u>	<u>\$ 24,313</u>	<u>\$ 218,178</u>	<u>\$ 397,491</u>

JEFFERSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 6: LONG-TERM LIABILITIES (Continued)

Capital Loan Notes

Details of the County's general obligation capital loan note indebtedness are as follows:

<u>Issued March 15, 2006</u>			
<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2010	3.65%	\$ <u>155,000</u>	\$ <u>5,657</u>

Capital Lease Purchase Agreements

The County has entered into two capital lease purchase agreements to lease an ambulance with a historical cost of \$95,250 and a mower with a historical cost of \$17,000. The following is a schedule of the future minimum lease payments, including interest at 5.31% and 4.69% per annum, respectively, and the present value of net minimum lease payments under the agreements in effect at June 30, 2009:

<u>Year Ending June 30,</u>	
2010	\$ 25,627
2011	<u>18,111</u>
Total minimum lease payments	43,738
Less amount representing interest	<u>2,085</u>
Present value of net minimum lease payments	\$ <u>41,653</u>

Payments under capital lease purchase agreements totaled \$25,627 for the year ended June 30, 2009.

NOTE 7: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

Jefferson County, Iowa is a member of a multi-government 28E agreement established in 1974. This agreement provides the public authority for the Southeast Multi-County Solid Waste Agency (SEMCO) to operate under a separate Board of Directors and provide municipal solid waste landfill services. SEMCO, therefore, is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care costs. Any additional costs that might arise from changes in regulations or technology are anticipated to be covered by increases in rates paid by future landfill users.

NOTE 8: PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$234,385, \$217,745, and \$204,132, respectively, equal to the required contribution for each year.

## JEFFERSON COUNTY, IOWA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 9: RISK MANAGEMENT

Jefferson County, Iowa is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2009 were \$180,159.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amounts of \$1,000,000 and \$300,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

JEFFERSON COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 10: WORKERS' COMPENSATION

The County is a member of the Iowa Municipalities Workers' Compensation Association (IMWCA) which provides workers' compensation coverage to its members in the amount of \$1,000,000.

NOTE 11: CONSTRUCTION COMMITMENT

The County has entered into contracts totaling \$350,494 for the GIS project. As of June 30, 2009, costs of \$329,233 on the project have been incurred. The balance remaining on the project at June 30, 2009 (\$21,261) will be paid as work on the project progresses.

## REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF  
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2009

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance - Positive (Negative)</u>
		<u>Original</u>	<u>Final</u>	
<u>RECEIPTS:</u>				
Property and other County tax	\$ 4,750,993	\$ 4,731,012	\$ 4,731,012	\$ 19,981
Interest and penalty on property tax	65,526	53,000	53,000	12,526
Intergovernmental	3,243,703	3,185,365	3,231,986	11,717
Licenses and permits	14,318	13,400	13,400	918
Charges for service	566,911	578,615	578,615	(11,704)
Use of money and property	235,879	269,800	269,800	(33,921)
Miscellaneous	162,629	10,350	10,950	151,679
Total receipts	<u>9,039,959</u>	<u>8,841,542</u>	<u>8,888,763</u>	<u>151,196</u>
<u>DISBURSEMENTS:</u>				
Public safety and legal services	2,532,047	2,669,737	2,674,001	141,954
Physical health and social services	577,149	562,815	594,615	17,466
Mental health	1,184,412	1,371,785	1,371,785	187,373
County environment and education	589,071	593,629	640,629	51,558
Roads and transportation	2,893,597	2,680,500	2,910,373	16,776
Governmental services to residents	454,886	467,428	469,928	15,042
Administration	784,944	789,686	808,665	23,721
Debt service	161,458	161,458	161,458	-
Capital projects	181,042	200,000	215,057	34,015
Total disbursements	<u>9,358,606</u>	<u>9,497,038</u>	<u>9,846,511</u>	<u>487,905</u>
Change in fund balances	(318,647)	(655,496)	(957,748)	639,101
<u>BALANCE - Beginning of year</u>	<u>3,812,719</u>	<u>3,170,090</u>	<u>3,170,090</u>	<u>642,629</u>
<u>BALANCE - End of year</u>	<u>\$ 3,494,072</u>	<u>\$ 2,514,594</u>	<u>\$ 2,212,342</u>	<u>\$ 1,281,730</u>

JEFFERSON COUNTY, IOWA  
BUDGET TO GAAP RECONCILIATION  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2009

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 9,039,959	\$ (159,962)	\$ 9,199,921
Expenditures	<u>9,358,606</u>	<u>(430,328)</u>	<u>9,788,934</u>
Net	(318,647)	270,366	(589,013)
Beginning fund balances	<u>3,812,719</u>	<u>(281,613)</u>	<u>4,094,332</u>
Ending fund balances	\$ <u>3,494,072</u>	\$ <u>(11,247)</u>	\$ <u>3,505,319</u>

JEFFERSON COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, nonprogram, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$349,473. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.



## OTHER SUPPLEMENTARY INFORMATION

## JEFFERSON COUNTY, IOWA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2009

	Nonmajor Governmental Funds			
	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Fund	Total
<u>ASSETS</u>				
Cash and pooled investments	\$ 582,223	\$ 12,657	\$ 2,666	\$ 597,546
Receivables:				
Property tax:				
Delinquent	-	-	789	789
Succeeding year	-	-	187,852	187,852
Accounts	<u>4,288</u>	<u>-</u>	<u>-</u>	<u>4,288</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>586,511</u></b>	<b>\$ <u>12,657</u></b>	<b>\$ <u>191,307</u></b>	<b>\$ <u>790,475</u></b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 20,117	\$ -	\$ -	\$ 20,117
Deferred revenue:				
Succeeding year property tax	-	-	187,852	187,852
Other	<u>-</u>	<u>-</u>	<u>789</u>	<u>789</u>
Total liabilities	<u>20,117</u>	<u>-</u>	<u>188,641</u>	<u>208,758</u>
<u>FUND BALANCES:</u>				
Reserved for:				
Local option sales and services tax bonds	383,273	-	2,666	385,939
Unreserved, reported in:				
Special revenue/capital projects funds	<u>183,121</u>	<u>12,657</u>	<u>-</u>	<u>195,778</u>
Total fund balances	<u>566,394</u>	<u>12,657</u>	<u>2,666</u>	<u>581,717</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>586,511</u></b>	<b>\$ <u>12,657</u></b>	<b>\$ <u>191,307</u></b>	<b>\$ <u>790,475</u></b>

JEFFERSON COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

	<u>Nonmajor Governmental Funds</u>			
	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Total</u>
<u>REVENUES:</u>				
Property and other County tax	\$ -	\$ -	\$ 155,185	\$ 155,185
Intergovernmental	17,326	-	6,320	23,646
Charges for service	48,876	-	-	48,876
Use of money and property	26,479	-	-	26,479
Miscellaneous	2,700	60	-	2,760
Total revenues	<u>95,381</u>	<u>60</u>	<u>161,505</u>	<u>256,946</u>
<u>EXPENDITURES:</u>				
Operating:				
County environment and education	45,908	-	-	45,908
Debt service	-	-	161,458	161,458
Capital projects	<u>50,116</u>	<u>44,919</u>	<u>-</u>	<u>95,035</u>
Total expenditures	<u>96,024</u>	<u>44,919</u>	<u>161,458</u>	<u>302,401</u>
Net change in fund balances	(643)	(44,859)	47	(45,455)
Fund balances - Beginning of year	<u>567,037</u>	<u>57,516</u>	<u>2,619</u>	<u>627,172</u>
Fund balances - End of year	\$ <u>566,394</u>	\$ <u>12,657</u>	\$ <u>2,666</u>	\$ <u>581,717</u>

JEFFERSON COUNTY, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	Local Option Sales and Services Tax <u>Reserve</u>	Resource Enhancement and <u>Protection</u>	Drug <u>Forfeiture</u>	Special Response <u>Team</u>
<u>ASSETS</u>				
Cash and pooled investments	\$ 401,391	\$ 82,466	\$ 6,873	\$ 3,293
Receivables:				
Accounts	<u>1,999</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 \$ <u>403,390</u>	 \$ <u>82,466</u>	 \$ <u>6,873</u>	 \$ <u>3,293</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ <u>20,117</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total liabilities	<u>20,117</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>FUND BALANCES:</u>				
Reserved for:				
Local option sales and services tax bonds	383,273	-	-	-
Unreserved, reported in:				
Special revenue funds	<u>-</u>	<u>82,466</u>	<u>6,873</u>	<u>3,293</u>
Total fund balances	<u>383,273</u>	<u>82,466</u>	<u>6,873</u>	<u>3,293</u>
 TOTAL LIABILITIES AND FUND BALANCES	 \$ <u>403,390</u>	 \$ <u>82,466</u>	 \$ <u>6,873</u>	 \$ <u>3,293</u>

<u>Drug Control Policy</u>	<u>County Recorder's Records Management</u>	<u>Rocky Branch Watershed</u>	<u>Conservation Fund</u>	<u>Conservation Land Acquisition</u>	<u>Total</u>
\$ 40	\$ 20,057	\$ 13,943	\$ 34,289	\$ 19,871	\$ 582,223
<u>-</u>	<u>7</u>	<u>-</u>	<u>2,282</u>	<u>-</u>	<u>4,288</u>
\$ <u>40</u>	\$ <u>20,064</u>	\$ <u>13,943</u>	\$ <u>36,571</u>	\$ <u>19,871</u>	\$ <u>586,511</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>20,117</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,117</u>
-	-	-	-	-	383,273
<u>40</u>	<u>20,064</u>	<u>13,943</u>	<u>36,571</u>	<u>19,871</u>	<u>183,121</u>
<u>40</u>	<u>20,064</u>	<u>13,943</u>	<u>36,571</u>	<u>19,871</u>	<u>566,394</u>
\$ <u>40</u>	\$ <u>20,064</u>	\$ <u>13,943</u>	\$ <u>36,571</u>	\$ <u>19,871</u>	\$ <u>586,511</u>

JEFFERSON COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2009

	Local Option Sales and Services Tax Reserve	Resource Enhancement and Protection	Drug Forfeiture	Special Response Team
<u>REVENUES:</u>				
Intergovernmental	\$ -	\$ 17,326	\$ -	\$ -
Charges for service	-	-	212	-
Use of money and property	23,120	2,180	-	72
Miscellaneous	-	-	-	-
Total revenues	<u>23,120</u>	<u>19,506</u>	<u>212</u>	<u>72</u>
<u>EXPENDITURES:</u>				
Operating:				
County environment and education	-	-	3,864	-
Capital projects	<u>50,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>50,116</u>	<u>-</u>	<u>3,864</u>	<u>-</u>
Net change in fund balances	(26,996)	19,506	(3,652)	72
Fund balances - Beginning of year	<u>410,269</u>	<u>62,960</u>	<u>10,525</u>	<u>3,221</u>
Fund balances - End of year	\$ <u>383,273</u>	\$ <u>82,466</u>	\$ <u>6,873</u>	\$ <u>3,293</u>

<u>Drug Control Policy</u>	<u>County Recorder's Records Management</u>	<u>Rocky Branch Watershed</u>	<u>Conservation Fund</u>	<u>Conservation Land Acquisition</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,326
-	2,903	-	45,571	190	48,876
-	-	307	800	-	26,479
-	-	-	-	2,700	2,700
-	2,903	307	46,371	2,890	95,381
-	-	67	39,871	2,106	45,908
-	-	-	-	-	50,116
-	-	67	39,871	2,106	96,024
-	2,903	240	6,500	784	(643)
40	17,161	13,703	30,071	19,087	567,037
\$ 40	\$ 20,064	\$ 13,943	\$ 36,571	\$ 19,871	\$ 566,394

JEFFERSON COUNTY, IOWA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2009

	Urban Renewal Projects	Steeple Restoration	GIS Project	Total
<u>ASSETS</u>				
Cash and pooled investments	\$ 590	\$ 5,267	\$ 6,800	\$ 12,657
TOTAL ASSETS	\$ 590	\$ 5,267	\$ 6,800	\$ 12,657
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
None				
<u>FUND BALANCES:</u>				
Unreserved, reported in:				
Capital projects funds	\$ 590	\$ 5,267	\$ 6,800	\$ 12,657
Total fund balances	590	5,267	6,800	12,657
TOTAL LIABILITIES AND FUND BALANCES	\$ 590	\$ 5,267	\$ 6,800	\$ 12,657



## JEFFERSON COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
YEAR ENDED JUNE 30, 2009

	Urban Renewal Projects	Steeple Restoration	GIS Project	Total
<u>REVENUES:</u>				
Miscellaneous	\$ -	\$ 60	\$ -	\$ 60
Total revenues	-	60	-	60
<u>EXPENDITURES:</u>				
Capital projects	-	-	44,919	44,919
Total expenditures	-	-	44,919	44,919
Net change in fund balances	-	60	(44,919)	(44,859)
Fund balances - Beginning of year	590	5,207	51,719	57,516
Fund balances - End of year	\$ 590	\$ 5,267	\$ 6,800	\$ 12,657

JEFFERSON COUNTY, IOWA

BALANCE SHEET  
NONMAJOR DEBT SERVICE FUND  
JUNE 30, 2009

	<u>Courthouse Roof Debt Service</u>
<u>ASSETS</u>	
Cash and pooled investments	\$ 2,666
Receivables:	
Property tax:	
Delinquent	789
Succeeding year	<u>187,852</u>
TOTAL ASSETS	\$ <u>191,307</u>
<u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES:</u>	
Deferred revenue:	
Succeeding year property tax	\$ 187,852
Other	<u>789</u>
Total liabilities	<u>188,641</u>
<u>FUND BALANCES:</u>	
Reserved for:	
Local option sales and services tax bonds	<u>2,666</u>
Total fund balances	<u>2,666</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>191,307</u>

JEFFERSON COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2009

Courthouse  
 Roof  
Debt Service

REVENUES:

Property and other County tax	\$ 155,185
Intergovernmental	<u>6,320</u>
Total revenues	<u>161,505</u>

EXPENDITURES:

Debt service	<u>161,458</u>
Total expenditures	<u>161,458</u>

Net change in fund balances	47
-----------------------------	----

Fund balances - Beginning of year	<u>2,619</u>
-----------------------------------	--------------

Fund balances - End of year	\$ <u>2,666</u>
-----------------------------	-----------------

JEFFERSON COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2009

	<u>County Offices</u>			<u>Joint Emergency Management Services</u>	<u>Advance Tax Payments</u>
	<u>County Recorder</u>	<u>County Sheriff</u>	<u>E-911</u>		
<u>ASSETS</u>					
Cash and pooled investments:					
County Treasurer	\$ -	\$ -	\$ 101,565	\$ 42,973	\$ 13,568
Other County officials	12,957	18,372	-	-	-
Receivables:					
Accounts receivable	-	-	574	-	-
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
 TOTAL ASSETS	 \$ <u>12,957</u>	 \$ <u>18,372</u>	 \$ <u>102,139</u>	 \$ <u>42,973</u>	 \$ <u>13,568</u>
 <u>LIABILITIES</u>					
Due to other governments	\$ 12,957	\$ -	\$ 90,682	\$ 39,467	\$ -
Accounts payable	-	-	11,457	3,506	-
Trusts payable	-	<u>18,372</u>	-	-	<u>13,568</u>
 TOTAL LIABILITIES	 \$ <u>12,957</u>	 \$ <u>18,372</u>	 \$ <u>102,139</u>	 \$ <u>42,973</u>	 \$ <u>13,568</u>

Brucellosis and Tuberculosis <u>Eradication</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area Schools</u>	<u>County Assessor</u>
\$ 33	\$ 2,638	\$ 80,575	\$ 137,900	\$ 7,849	\$ 169,094
-	-	-	-	-	-
-	-	-	-	-	-
8	879	20,458	37,215	2,311	1,288
1,815	209,344	4,863,794	8,865,994	550,652	307,135
-	-	-	-	-	305
<u>\$ 1,856</u>	<u>\$ 212,861</u>	<u>\$ 4,964,827</u>	<u>\$ 9,041,109</u>	<u>\$ 560,812</u>	<u>\$ 477,822</u>
\$ 1,856	\$ 212,861	\$ 4,964,827	\$ 9,041,109	\$ 560,812	\$ 475,941
-	-	-	-	-	1,881
-	-	-	-	-	-
<u>\$ 1,856</u>	<u>\$ 212,861</u>	<u>\$ 4,964,827</u>	<u>\$ 9,041,109</u>	<u>\$ 560,812</u>	<u>\$ 477,822</u>

JEFFERSON COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2009

	<u>Agriculture Extension Education</u>	<u>County Hospital</u>	<u>Auto License and Use Tax</u>	<u>City Special Assessments</u>
<u>ASSETS</u>				
Cash and pooled investments:				
County Treasurer	\$ 2,788	\$ 15,701	\$ 263,803	\$ 3,214
Other County officials	-	-	-	-
Receivables:				
Accounts receivable	-	-	-	-
Property tax:				
Delinquent	762	5,076	-	-
Succeeding year	181,668	1,210,498	-	-
Prepaid expenses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>185,218</u>	\$ <u>1,231,275</u>	\$ <u>263,803</u>	\$ <u>3,214</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 185,218	\$ 1,231,275	\$ 263,803	\$ 3,214
Accounts payable	-	-	-	-
Trusts payable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	\$ <u>185,218</u>	\$ <u>1,231,275</u>	\$ <u>263,803</u>	\$ <u>3,214</u>

## Schedule 9 (Continued)

<u>Bankruptcy</u>	<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Tax Sale Redemption</u>	<u>Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ 1,042	\$ 18	\$ 225	\$ 233	\$ 843,219
-	-	-	-	31,329
-	-	-	320	894
-	-	-	-	67,997
-	-	-	-	16,190,900
-	-	-	-	305
<u>\$ 1,042</u>	<u>\$ 18</u>	<u>\$ 225</u>	<u>\$ 553</u>	<u>\$ 17,134,644</u>
\$ -	\$ 18	\$ -	\$ 553	\$ 17,084,593
-	-	-	-	16,844
<u>1,042</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>33,207</u>
<u>\$ 1,042</u>	<u>\$ 18</u>	<u>\$ 225</u>	<u>\$ 553</u>	<u>\$ 17,134,644</u>

JEFFERSON COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2009

<u>ASSETS AND LIABILITIES</u>	<u>County Offices</u>				<u>Joint Emergency Management Services</u>
	<u>County Auditor</u>	<u>County Recorder</u>	<u>County Sheriff</u>	<u>E-911</u>	
Balances beginning of year	\$ <u>-</u>	\$ <u>14,992</u>	\$ <u>27,054</u>	\$ <u>167,034</u>	\$ <u>41,511</u>
Additions:					
Property and other County tax	-	-	-	-	-
State tax credits	-	-	-	-	22,606
E911 surcharge	-	-	-	158,275	-
Office fees and collections	1,157	203,569	13,802	40	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	-	-	290,485	-	-
Miscellaneous	-	-	-	3,205	1,394
Total additions	<u>1,157</u>	<u>203,569</u>	<u>304,287</u>	<u>161,520</u>	<u>24,000</u>
Deductions:					
Agency remittances:					
To other funds	1,157	104,407	-	-	-
To other governments	-	101,197	14,217	226,415	22,538
Trusts paid out	-	-	298,752	-	-
Total deductions	<u>1,157</u>	<u>205,604</u>	<u>312,969</u>	<u>226,415</u>	<u>22,538</u>
Balances end of year	\$ <u>-</u>	\$ <u>12,957</u>	\$ <u>18,372</u>	\$ <u>102,139</u>	\$ <u>42,973</u>



<u>Advance Tax Payments</u>	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>	<u>Area Schools</u>	<u>County Assessor</u>
\$ <u>1,230</u>	\$ <u>2,882</u>	\$ <u>200,130</u>	\$ <u>4,699,257</u>	\$ <u>8,810,158</u>	\$ <u>498,925</u>	\$ <u>527,277</u>
-	1,661	192,214	4,592,068	8,217,015	514,328	277,357
-	78	8,130	151,246	330,640	18,645	14,980
-	-	-	-	-	-	-
-	-	-	-	-	-	97
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,338	-	-	-	-	-	31
<u>12,338</u>	<u>1,739</u>	<u>200,344</u>	<u>4,743,314</u>	<u>8,547,655</u>	<u>532,973</u>	<u>292,465</u>
-	-	-	-	-	-	-
-	2,765	187,613	4,477,744	8,316,704	471,086	341,920
-	-	-	-	-	-	-
-	<u>2,765</u>	<u>187,613</u>	<u>4,477,744</u>	<u>8,316,704</u>	<u>471,086</u>	<u>341,920</u>
\$ <u>13,568</u>	\$ <u>1,856</u>	\$ <u>212,861</u>	\$ <u>4,964,827</u>	\$ <u>9,041,109</u>	\$ <u>560,812</u>	\$ <u>477,822</u>

JEFFERSON COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2009

<u>ASSETS AND LIABILITIES</u>	<u>Agricultural Extension Education</u>	<u>County Hospital</u>	<u>Auto Licenses and Use Tax</u>	<u>City Special Assessments</u>	<u>Bankruptcy</u>
Balances beginning of year	\$ <u>177,641</u>	\$ <u>1,001,213</u>	\$ <u>247,276</u>	\$ <u>3,381</u>	\$ <u>1,042</u>
Additions:					
Property and other County tax	168,678	1,138,156	-	-	-
State tax credits	6,629	37,332	-	-	-
E911 surcharge	-	-	-	-	-
Office fees and collections	-	-	-	-	-
Auto licenses, use tax and postage	-	-	3,005,702	-	-
Assessments	-	-	-	47,120	-
Trusts	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	<u>175,307</u>	<u>1,175,488</u>	<u>3,005,702</u>	<u>47,120</u>	<u>-</u>
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	-
To other governments	167,730	945,426	2,989,175	47,287	-
Trusts paid out	-	-	-	-	-
Total deductions	<u>167,730</u>	<u>945,426</u>	<u>2,989,175</u>	<u>47,287</u>	<u>-</u>
Balances end of year	\$ <u>185,218</u>	\$ <u>1,231,275</u>	\$ <u>263,803</u>	\$ <u>3,214</u>	\$ <u>1,042</u>

<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Tax Sale Redemption</u>	<u>Monies and Credits</u>	<u>Recorder's Electronic Transaction Fees</u>	<u>Total</u>
\$ <u>40</u>	\$ <u>225</u>	\$ <u>-</u>	\$ <u>545</u>	\$ <u>16,421,813</u>
-	-	195	-	15,101,672
-	-	-	-	590,286
-	-	-	-	158,275
-	-	-	3,125	221,790
-	-	-	-	3,005,702
-	-	-	-	47,120
-	-	-	-	290,485
<u>219</u>	<u>240,582</u>	<u>-</u>	<u>-</u>	<u>257,769</u>
<u>219</u>	<u>240,582</u>	<u>195</u>	<u>3,125</u>	<u>19,673,099</u>
-	-	-	-	105,564
241	240,582	195	3,117	18,555,952
-	-	-	-	298,752
<u>241</u>	<u>240,582</u>	<u>195</u>	<u>3,117</u>	<u>18,960,268</u>
\$ <u>18</u>	\$ <u>225</u>	\$ <u>-</u>	\$ <u>553</u>	\$ <u>17,134,644</u>

JEFFERSON COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST EIGHT YEARS

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>REVENUES:</u>			
Property and other County tax	\$ 4,800,437	\$ 4,379,635	\$ 4,175,273
Interest and penalty on property tax	65,526	58,912	56,977
Intergovernmental	3,253,550	3,175,776	3,450,156
Licenses and permits	14,420	12,021	13,358
Charges for service	657,321	659,243	788,971
Use of money and property	235,308	397,278	295,592
Miscellaneous	<u>173,359</u>	<u>96,700</u>	<u>83,141</u>
Total	\$ <u>9,199,921</u>	\$ <u>8,779,565</u>	\$ <u>8,863,468</u>
<u>EXPENDITURES:</u>			
Operating:			
Public safety and legal services	\$ 2,487,850	\$ 2,473,279	\$ 2,386,492
Physical health and social services	575,735	568,088	528,702
Mental health	1,204,274	1,211,153	1,043,660
County environment and education	586,388	563,347	517,918
Roads and transportation	3,323,315	2,891,357	2,290,459
Governmental services to residents	456,132	381,381	375,215
Administration	796,889	855,474	892,812
Debt service	161,458	161,605	158,331
Capital projects	<u>196,893</u>	<u>266,652</u>	<u>856,395</u>
Total	\$ <u>9,788,934</u>	\$ <u>9,372,336</u>	\$ <u>9,049,984</u>

Modified Accrual Basis  
Year Ended June 30,

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 4,231,345	\$ 4,234,587	\$ 5,541,916	\$ 5,443,778	\$ 5,651,315
60,014	60,791	62,374	68,333	81,516
3,368,187	3,535,323	3,342,798	3,202,070	3,489,556
11,281	36,328	5,591	4,078	5,533
623,798	661,073	616,897	572,672	508,699
422,796	267,122	241,051	265,080	221,703
<u>55,461</u>	<u>103,272</u>	<u>90,423</u>	<u>51,735</u>	<u>36,415</u>
\$ <u>8,772,882</u>	\$ <u>8,898,496</u>	\$ <u>9,901,050</u>	\$ <u>9,607,746</u>	\$ <u>9,994,737</u>
\$ 2,258,283	\$ 2,014,015	\$ 1,982,580	\$ 1,974,227	\$ 2,028,276
459,894	475,849	554,937	460,269	635,547
1,057,240	1,182,934	1,157,048	1,254,799	1,405,114
481,696	439,746	439,651	417,331	339,585
2,768,071	2,797,092	2,398,352	2,072,421	2,361,469
499,782	370,746	328,567	290,104	278,579
778,933	715,199	788,941	838,836	640,662
3,573,199	955,671	827,349	816,341	812,851
<u>96,406</u>	<u>232,624</u>	<u>551,844</u>	<u>336,637</u>	<u>828,759</u>
\$ <u>11,973,504</u>	\$ <u>9,183,876</u>	\$ <u>9,029,269</u>	\$ <u>8,460,965</u>	\$ <u>9,330,842</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Officials of Jefferson County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Jefferson County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated January 11, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Jefferson County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jefferson County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Jefferson County, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Jefferson County, Iowa's financial statements that is more than inconsequential will not be prevented or detected by Jefferson County, Iowa's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Jefferson County, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-09 is a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Jefferson County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Jefferson County, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Jefferson County, Iowa and other parties to whom the County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Jefferson County, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
January 11, 2010

JEFFERSON COUNTY, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2009

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties

Comment – During our review of the internal control structure, the existing procedures were evaluated in order to determine that incompatible duties, from a control standpoint, were not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

Applicable Offices

- |  |   |
|--|---|
| 1. All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.  | Ag Extension<br>Auditor<br>Recorder<br>Treasurer            |
| 2. Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks or handle or record cash.  | Ag Extension<br>Auditor<br>Recorder<br>Sheriff<br>Treasurer |
| 3. Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants or approve vouchers for payment. | Ag Extension<br>Auditor<br>Recorder<br>Sheriff<br>Treasurer |

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by the initials or signature of the reviewer and the date of the review.

Responses –

Ag Extension – We will review procedures and try to make any necessary changes to improve internal control.



JEFFERSON COUNTY, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2009

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

SIGNIFICANT DEFICIENCIES: (Continued)

II-A-09 Segregation of Duties (Continued)

Responses (Continued)

County Auditor – The internal control in processing mail, receipts, claims and payroll will be reviewed and evaluated for propriety. The auditors will evaluate the assignment of personnel in each process and determine if an alternative method would enhance internal controls.

County Recorder – We will review procedures and try to make any necessary changes to improve internal control.

County Sheriff – We will review procedures and try to make any necessary changes to improve internal control.

County Treasurer – We will review procedures and try to make any necessary changes to improve internal control.

Conclusion – Responses accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- III-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted.
- III-B-09 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-09 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- III-D-09 Business Transactions – No business transactions between the County and County officials or employees were noted.
- III-E-09 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be reviewed periodically to ensure that the coverage remains adequate for current operations.

JEFFERSON COUNTY, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2009

PART III: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING: (Continued)

- III-F-09 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, in accordance with Code of Iowa Chapter 349.18, minutes are required to be published within one week following approval. The minutes for the meeting held February 17, 2009 was not published within one week of approval.

Recommendation – The Board of Supervisors should ensure all minutes are published to comply with Chapter 349.18 of the Code of Iowa.

Response – We will do so from now on.

Conclusion – Response accepted.

- III-G-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investments policy were noted.

- III-H-09 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- III-I-09 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.